

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 903 - SB 1536

April 22, 2021

SUMMARY OF BILL: Exempts drivers and passengers over 26 years of age from the requirement to wear a helmet while operating or riding motorcycles, motor-driven cycles, and motorized bicycles, if the person is covered by private health or medical insurance, and does not have insurance through the Bureau of TennCare.

Prohibits a law enforcement officer from issuing a citation for violation of this act, unless the officer also cites the individual for a separate traffic offense.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$191,000/FY21-22 and Subsequent Years

Increase Local Revenue - \$26,900/FY21-22 and Subsequent Years

Other Fiscal Impact - To the extent an individual who has private insurance is involved in an accident and such person incurs a traumatic brain injury as a result of not wearing a helmet prompted by passage of this legislation, and the individual subsequently becomes eligible for Supplemental Security Income (SSI), and therefore becomes automatically eligible for TennCare, the increase in state expenditures is estimated to exceed \$28,600 and the increase in federal expenditures is estimated to exceed \$56,400.

Assumptions:

- As of 2019, there were 184,889 motorcycles registered in Tennessee.
- A Pennsylvania General Assembly study included data showing that the number of motorcycle registrations increased over the seven-year period between 2000 and 2007. In the four-year period (2003 to 2007) following the repeal of the helmet law, the annualized rate of growth for motorcycle registrations was 0.25 percent greater than the previous four years.
- A decrease in motorcycle registrations in California, which began to occur in 1992, is presumed to have occurred as a direct result of passage of law in 1991 that required operators to wear helmets.
- Based on information relative to the Pennsylvania study and the changes in registration data from California, it is reasonable to presume that motorcycle registrations will

increase by approximately 0.25 percent in Tennessee if the current law requiring operators to wear helmets in Tennessee is abolished.

- An additional 462 ($184,889 \times 0.25\%$) registrations are expected each year with an estimated state title and registration fee of \$20.00 (\$14.50 for registration and \$5.50 for titling). The recurring increase in state revenue is expected to be \$9,240 ($462 \times \20).
- Eighty percent of new registrations result from individuals purchasing a motorcycle; the remaining 20 percent is assumed to be for motorcycles currently owned but for which there is no current registration. Therefore, the increase in motorcycle sales is estimated to be 370 ($462 \times 80\%$).
- An average motorcycle sales price of at least \$7,000 each.
- The current state sales tax rate is 7.0 percent; the average local option sales tax rate is estimated to be 2.5 percent (for the first \$1,600 of the sales price); the state single article sales tax is 2.75 percent (for the portion of the sales price above \$1,600 up to \$3,200); the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- The recurring increase in state revenue is estimated to be \$191,022 $\{[(370 \times \$7,000 \times 7.0\%) - (370 \times \$7,000 \times 7.0\% \times 3.617\%)] + (370 \times \$1,600 \times 2.75\%)\}$ in FY21-22 and subsequent years.
- The recurring increase in local revenue is estimated to be \$21,358 $[(370 \times \$7,000 \times 7.0\% \times 3.617\%) + (370 \times \$1,600 \times 2.5\%)]$.
- The local registration fees are unknown and differ from county to county. The average is assumed to be \$15. The recurring increase in local revenue is estimated to be \$5,550 ($370 \times \15).
- The total recurring increase in local revenue is estimated to be \$26,908 ($\$21,358 + \$5,550$) in FY21-22 and subsequent years.
- The Legislative Budget and Finance Committee of the Pennsylvania General Assembly completed a study in 2008 titled, *Motorcyclist Injuries and Fatalities Since the 2003 Repeal of the Mandatory Helmet Law*. This study showed that helmet usage declined among riders in crashes from 82 percent to 58 percent following repeal of the helmet law. This represents a change in helmet usage among 24 percent of riders ($82\% - 58\%$).
- The overall number of TennCare enrollees could increase because an accident leading to substantial medical bills for a non-TennCare accident victim could lead to eligibility for the medically needy spend down program. Anyone permanently injured could become eligible for Supplemental Security Income (SSI) and be automatically eligible for TennCare. SSI is a mandatory Medicaid category that the state chooses to accept the federal determinations of eligibility. The number of individuals who will meet this eligibility determination is unknown and cannot be quantified.
- Any TennCare expenditures will receive a federal match rate of 66.295 percent.
- The Division of TennCare reports in 2018, there were 622 TennCare adult enrollees injured as a result of a motorcycle accident. TennCare's expenditures for these enrollees totaled \$5,276,672. Of these enrollees, 8 had a traumatic brain injury with claims totaling \$296,794.
- Long-term care for adults with traumatic brain injuries averages \$85,000 each year.
- Based on the information provided by the Division of TennCare, a privately insured accident victim who becomes SSI and TennCare eligible, as a result of an accident resulting in a severe head injury prompted by passage of this bill, would cause an

increase in state and federal expenditures by an amount reasonably expected to exceed \$28,649 (\$85,000 x 33.705% state match) and \$56,351 (\$85,000 x 66.295% federal match) in FY21-22 and subsequent years, respectively.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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